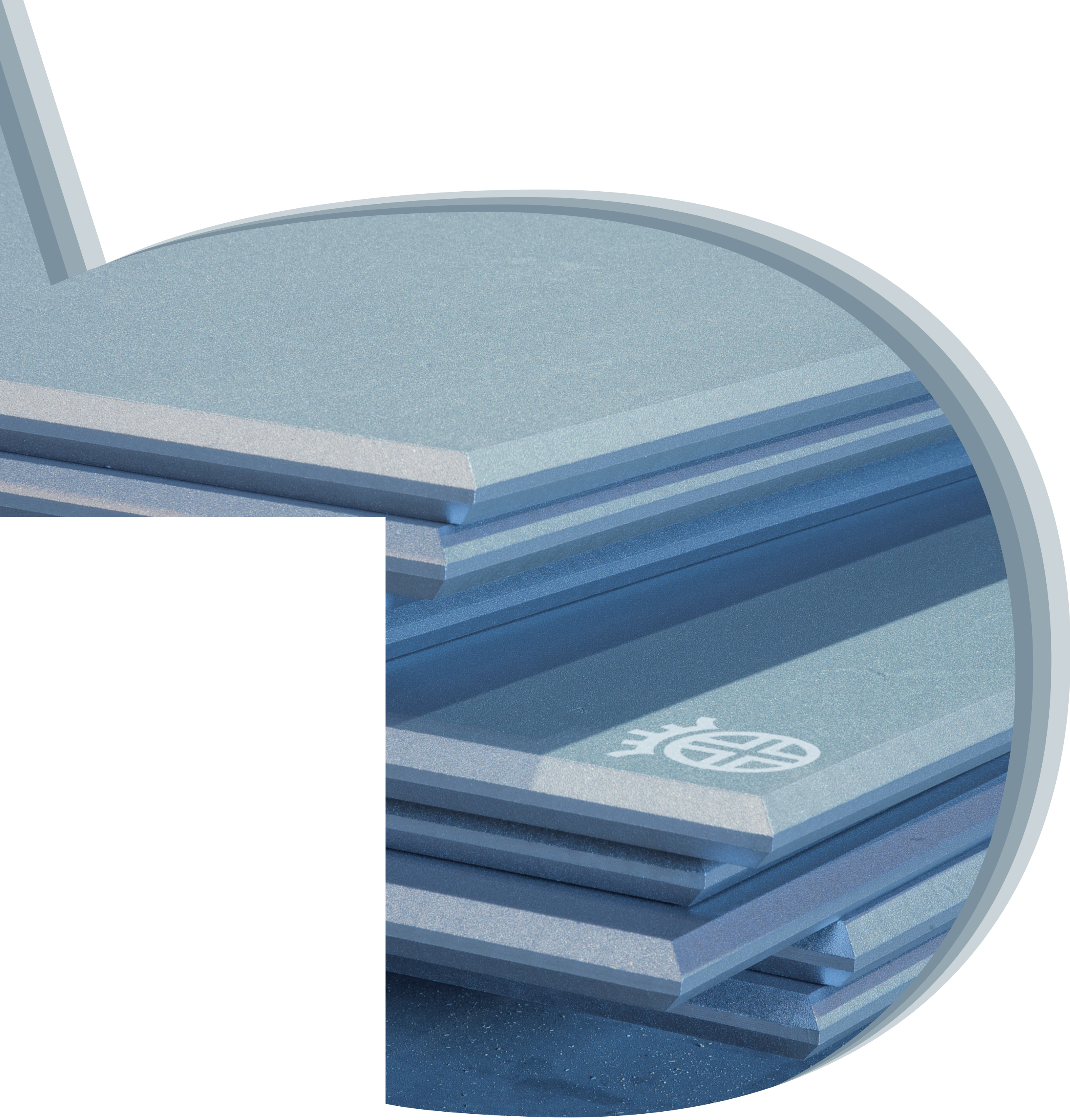
DILLINGER



Executive Summary of the 2021 Financial Statement

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*) This abridged English-language financial statement is an excerpt from the annual report of Dillinger for the 2021 financial year. This publication does not constitute the complete form required by law (for this, please see the 2021 Annual Report of Dillinger in German).

KEY FIGURES AT A GLANCE

	2020	**2021**	Change
Hot metal purchase in kt *)	1,561	**1,981**	+ 26.9 %
Crude steel production in kt	1,816	**2,281**	+ 25.6 %
Total production of heavy plate in kt	1,406	**1,782**	+ 26.7 %
of which in Dillingen in kt	1,000	**1,237**	+ 23.7 %
of which in Dunkerque in kt	406	**545**	+ 34.2 %
Total shipped in kt	1,869	**1,711**	- 8.5 %
of which heavy plate, prime grade in kt	1,382	**1,659**	+ 20.0 %
of which semi-finished product in kt	487	**52**	- 89.3 %
Sales revenues by country in € million			
Germany	575	**879**	
France	268	**124**	
Other EU countries	380	**488**	
Other exports	207	**223**	
Total sales	1,430	**1,714**	+ 19.9 %
Total workforce (excluding trainees) as of 31 Dec.	3,925	**3,565**	
Personnel expenses in € million	313	**280**	
Balance sheet total in € million	2,581	**2,810**	
Fixed assets in € million	1,948	**1,904**	
Investments	13	**7**	
Shareholders' equity in € million	1,304	**1,394**	
EBITDA in € million	- 50	173	
EBIT in € million	- 119	112	
Net loss/profit (result for the accounting period) in € million	- 166	91	
Operating cash flow in € million	- 1	- 47	

*) Total production ROGESA: 4 260 kt (previous year 3 194 kt)

MEMBERS OF THE SUPERVISORY BOARD

REINHARD STÖRMER, Völklingen
Chairman
Chairman of the Board of Trustees
of the Montan-Stiftung-Saar trust

JÖRG KÖHLINGER, Frankfurt
1st Deputy Chairman
Trade Union Secretary and District Manager
of IG Metall Central Region Directorate

MICHEL WURTH, Sandweiler (LU)
2nd Deputy Chairman
Chairman of the Board of Directors
of ArcelorMittal Luxembourg S.A.

ARIBERT BECKER, Rehlingen
Sales Director of Saarstahl AG, retired

MICHAEL BECKER, Saarwellingen
Deputy Chair of the Works Council
of Aktien-Gesellschaft der Dillinger Hüttenwerke

CARL DE MARÉ, Belsele (BE)
Vice-President ArcelorMittal Chief
Technical Officer Flat Carbon Europe

LARS DESGRANGES, Beckingen
Primary Authorized Representative
for IG Metall, Völklingen

MICHAEL FISCHER, Dillingen
Chairman of the Group Works Council
and Chairman of the Works Council
of Aktien-Gesellschaft der Dillinger Hüttenwerke

NADINE KLIEBHAN, Illingen
Senior Project Manager, INFO-Institut Beratungs-GmbH

Prof. Dr. WOLFGANG LEESE, Lindberg
Managing Director and Partner
WGL Verwaltung und Beratung GmbH

PAUL PERDANG, Gingelom
General Manager, Head of Capex, Group Finance
Arcelor Mittal, Luxembourg

Prof. Dr. SUSAN PULHAM
Professor, HTW Saarbrücken
(as of 1 January 2021)

STEFAN RAUBER, Marpingen
Managing Director of the Montan-Stiftung-Saar Trust
(as of 19 January 2021)

EUGEN ROTH, Merchweiler
Deputy Chairman of
DGB Rheinland-Pfalz/Saarland

RAINER SCHWICKERATH, Nalbach
Member of the Works Council
of Aktien-Gesellschaft der Dillinger Hüttenwerke

ERICH WILKE, Königstein (Taunus)
Bank Executive, retired
(until 30 June 2021)

MEMBERS OF THE BOARD OF MANAGEMENT

Dr. KARL-ULRICH KÖHLER
Chairman of the Board of Management
(as of 1 January 2021)

MARTIN BAUES
Member of the Board of Management,
Chief Technical Officer
(until 31 March 2021)

JOERG DISTELDORF
Member of the Board of Management,
Chief Human Resources Officer and Labor Director

MARKUS LAUER
Member of the Board of Management,
Chief Finance Officer
(as of 1 June 2021)

Dr. GÜNTER LUXENBURGER
Member of the Board of Management,
Chief Sales & Marketing Officer

JONATHAN WEBER
Member of the Board of Management,
Chief Transformation Officer
(as of 1 April 2021)

REPORT OF THE BOARD OF MANAGEMENT

The company's fundamentals

The core business of Aktien-Gesellschaft der Dillinger Hüttenwerke, in the following referred to as Dillinger, is the manufacture and sale of heavy plate in the form of normal plate and linepipe plate. This entails the activities of an integrated blast furnace route, including the production of coke and hot metal through the subsidiaries Zentralkokerei Saar GmbH (ZKS) and ROGESA Roheisengesellschaft Saar mbH (ROGESA), jointly held with Saarstahl AG (SAG), and the production of liquid steel and semi-finished products. Furthermore, in downstream stages, trading, flame-cutting and treatment businesses offer additional services and customized solutions in sales, in the processing of heavy plate, and in other steel products.

Also affiliated with Dillinger are transport and logistics companies that are involved in both raw materials transport and the shipping of finished products.

Dillinger holds an interest in Saarstahl AG, Völklingen, and EUROPIPE GmbH, Mülheim/Ruhr. Beyond this, these companies are also involved in operating business activities with Dillinger – either through involvement in the hot metal production and buying phase or as a buyer and processor of heavy plate steel. The wholly owned subsidiary Steelwind Nordenham GmbH, which manufactures monopile foundation systems for the offshore wind market in a plant on the Weser river estuary, offers products in a processing depth that extends beyond heavy plate.

The direct or indirect majority shareholder of Dillinger, as well as of Saarstahl AG, is SHS - Stahl-Holding-Saar GmbH & Co. KGaA (SHS), a wholly owned subsidiary of Montan-Stiftung-Saar, under whose umbrella the two companies cooperate closely, e.g. via a joint purchasing department and via the SHS subsidiary SHS Logistics GmbH, which consolidates the logistics activities of the SHS Group with the aim of leveraging synergies in processes and costs.

Financial report

OVERALL ECONOMIC AND SECTOR-RELATED CONDITIONS

WORLD ECONOMY ON THE PATH TO RECOVERY

The year 2021 continued to be dominated by the coronavirus pandemic, but thanks to continued expansionary economic policies and growing momentum behind vaccination efforts, the economy recovered in almost all countries and in many countries has returned to roughly pre-pandemic activity levels. The OECD estimates global GDP growth in 2021 of + 5.6 % year-on-year (- 3.4 % in 2020). Although global trade shows strong growth (+ 9.3 % in 2021 after - 8.4 % in 2020), global supply chain issues continued to hinder growth in individual sectors. In addition, prices for industrial raw materials, transport and energy in some cases rose rapidly.

In China, the world's second largest economy, the economy grew very strongly at the beginning of 2021. Momentum slowed during the year due to bottlenecks in energy supplies, delivery problems for intermediate products and problems in the real estate market. The OECD forecast a growth rate of + 8.1 % in 2021.
The gross domestic product of the United States is expected to grow by + 5.6 % in 2021. A positive growth dynamic developed as the number of vaccinations increased, which was further boosted in the spring by the government's coronavirus stimulus package. Even if the growth is based lower after last year's contraction, this is a level the United States has not reached in almost 40 years.

As restrictions were gradually lifted, economic activity in the eurozone experienced a strong upswing in 2021, with annual GDP growth of + 5.2 % (after - 6.5 % in 2020). The increase was supported by strong consumption and higher investment, partly due to national and European economic stimulus programs. The economic recovery in Germany, on the on the other hand, was weaker at + 2.9 %. Global supply bottlenecks are hampering the automotive industry in particular as well as the mechanical engineering and electrical engineering sectors, which account for a large share of GDP in Germany.[1]

STEEL DEMAND ON THE RISE

Global crude steel production from January to November 2021 amounted to 1.753 billion tons, up 4.5 % from the same period the previous year. China's steel output meanwhile fell by - 2.6 % to 0.946 billion tons; conversely, most other steel-producing countries increased their production and capacities were better utilized everywhere. With the increase in demand, the price level also rose noticeably. In June 2021, the EU extended safeguard measures to protect the European steel market for a further three years. The share of steel imports in the European steel supply increased moderately.

1) Source for world economy: OECD Economic Outlook, Volume 2021 Issue 2.

HEAVY PLATE MARKET EXPERIENCES VERY STRONG FIRST HALF-YEAR

The European heavy plate market was buoyed by a steep rise in demand in the first half of 2021. Distributors drove apparent consumption sharply upward in the first months of the year, with demand coming from nearly all customer segments as the months progressed. Construction machinery manufacturers, steel construction and heavy machinery benefited from infrastructure projects and an increasing willingness to invest.

However, increasing problems in global supply chains since the summer impacted production in the steel processing sectors. Demand has thus diminished slightly since then.

Although import volumes of heavy plate from third countries into the EU grew slightly compared with the previous year, the significantly stronger growth in volumes from European producers meant that imports decreased as a share of the total market supply. The capacity utilization situation of European producers steadily improved in the first half of the year. This development lost some momentum during the remaining course of the year. In conjunction with growing demand and enormous earnings pressure on manufacturers, prices developed very positively until mid-year; from July the market experienced a slight downward trend but nevertheless remained at a high level until the end of the year.

BUSINESS PERFORMANCE AT DILLINGER

Dillinger started the new year 2021 with high utilization of capacities. In the first half of the year in particular, catch-up effects and continued improvement in demand in key consumer segments resulted in the strongest order intake of the past five years, although multiple unfavorable conditions persisted, including overcapacities in the heavy plate market, high third-country imports into the EU, and trade restrictions imposed by the United States and the resulting price pressure in the European market. The short-time work introduced in the previous year was phased out at the beginning of 2021 due to good demand. Shipped quantities increased significantly – by 277 kt to 1,659 kt – compared to the collapse during the coronavirus year 2020. Volatile and sometimes sharp price increases, particularly on the raw material side, were sustained through constant revenue increases over almost the entire year.

Continuing the cost-cutting and transformation program initiated two years ago therefore remained essential and was further augmented in 2021. Among other things, cooperation with the subsidiary Dillinger France was intensified: first, by investing in technical equipment that allowed greater flexibility in the operational order processing for both rolling mills, and second, by reducing administrative workflows and adjusting accounting processes. In conjunction with the effects of the cost-cutting and transformation program, Dillinger was in fact able in the increasingly positive business trend to slightly exceed the expectations for 2021 from the previous year's forecast and to significantly improve the key financial metrics used for corporate management compared with 2020: Taking into account the modified accounting method between Dillinger and Dillinger France, a noticeable increase in sales and improved material and personnel intensity resulted in a significant improvement on the previous year's EBIT and EBITDA figures. Overall earnings likewise exceeded the previous year's figure, with improved income from interest and investments.

PLANT UTILIZATION ALMOST AT PRE-CORONAVIRUS LEVEL

The financial year was characterized for the most part by consistently high capacity utilization and higher production over the course of the year. With around 1.8 million tons of plate produced, the historic low from 2020 was exceeded by almost 27% and was only slightly below the level of the years prior to the coronavirus pandemic in 2018 and 2019.

Purchases of hot metal, at 1,981 kt (2020: 1,561 kt), increased by 26.9 % and crude steel production increased by 25.6 % to 2,281 kt (2020: 1,816 kt) compared with the volumes in 2020. As in previous years, steel production levels satisfied the slab requirements for the rolling mill in Dillingen as well as most of the requirements of Dillinger France S.A. in Dunkerque. Production of both rolling plants (1,782 kt) increased by a total of 26.7 % from the previous year (2020: 1,406 kt), with 1,237 kt of heavy plate produced in Dillingen (2020: 1,000 kt) and 545 kt in Dunkerque (2020: 406 kt).

Based on an adjusted operating point developed as part of the cost reduction and transformation program, Dillinger succeeded in flexibly adapting the operating modes of the plants to the improved order situation in 2021 through greater flexibility and the early termination of short-time working in 2021. While further improvements were achieved, particularly in quality, delivery reliability was maintained at a solid level overall – in view of the difficult logistical conditions due to restrictions in inland shipping, particularly in the last two quarters – but fell slightly short of the previous year's figure.

EARNINGS POSITION

INCREASE IN SALES REVENUE DUE TO HIGHER SALES VOLUMES AND REVENUE GROWTH

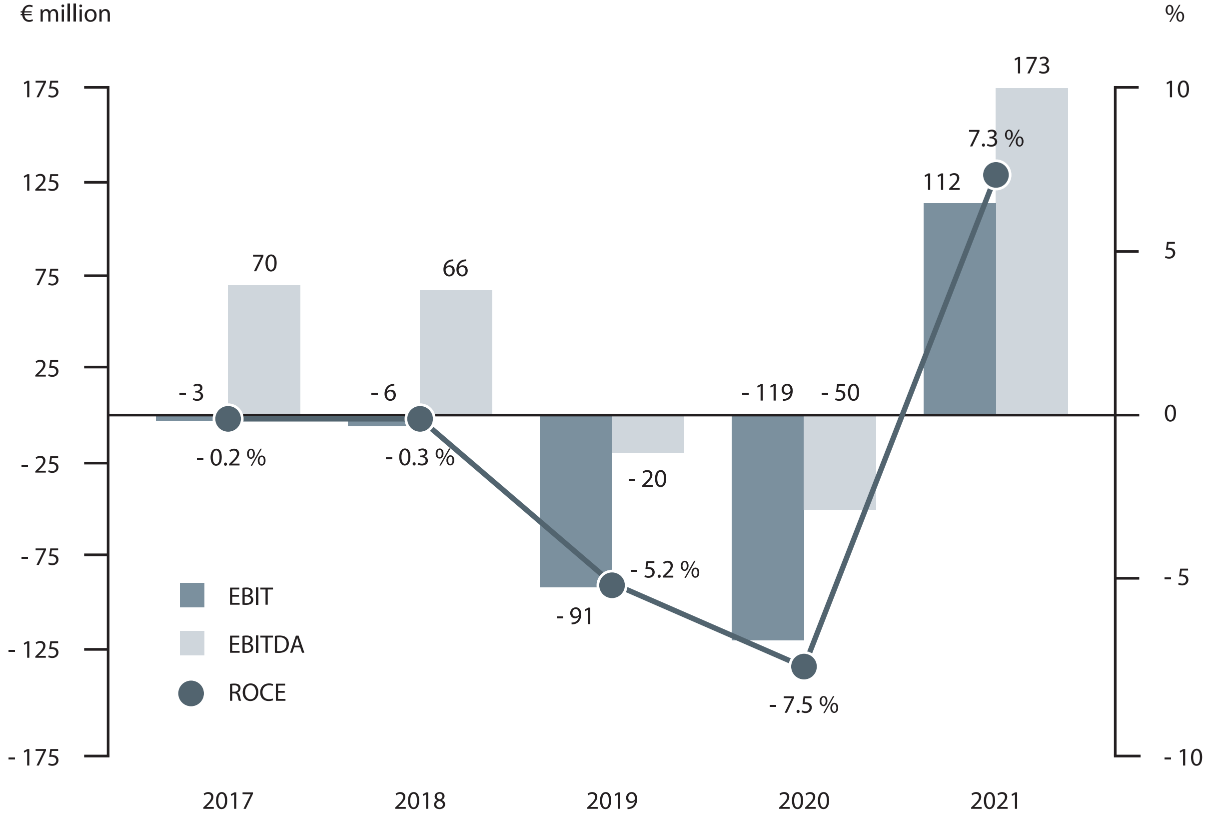
Shipped heavy plate, prime grade, increased in 2021 by 277 kt (+ 20.0 %) to 1,659 kt (2020: 1,382 kt), which is exclusively due to the normal plate product segment. Sales of linepipe plate remained at the low level of the previous year. Both higher sales volumes and price adjustments with regularly improved revenues contributed to sales revenues in 2021 exceeding those of the previous year. With only minor shifts in the individual geographical markets, the increase in sales revenue was almost evenly distributed across all sectors except for France, mainly due to the change in the accounting method with subsidiary Dillinger France.

2021 EARNINGS EXCEED EXPECTATIONS

Positive EBITDA was forecast in the past financial year for 2021, which should be significantly higher than in the coronavirus year 2020, while a slightly negative EBIT was still expected. Under at times persistently difficult market conditions, Dillinger significantly improved its earnings from operations by more than € 200 million and even closed the 2021 financial year with positive EBIT of € 112 million (2020: -€ 119 million) and EBITDA of € 173 million (2020: -€ 50 million). The net result for the year is +€ 91 million (2020: -€ 166 million).

The year-on-year increase in earnings was primarily due to a significant rise in average selling prices per ton of heavy plate throughout the year as well as sharply increased sales and production volumes, in conjunction with restrictive cost management. In addition, there was a positive value contribution from the harmonization of the valuation method for inventories in accordance with the accounting guidelines in the DHS Group.

Increased production of semi-finished products and heavy plate was accompanied by a 25.6 %, or 465 kt, increase in crude steel output, which primarily resulted in higher material expense as a consequence of higher procurement prices for hot metal, alloying agents and steel scrap. Higher expenses were in addition incurred for energy and maintenance. The cost management initiated two years ago meanwhile contributed to savings. The margin between total operating revenue and cost of materials improved commensurately year-on-year by around € 160 million. This also includes the value contribution of € 46 million from the change in the valuation method for inventories. Material intensity improved by almost 1 % compared to the previous year and amounts to 72.3 %.



Change in EBIT, EBITDA and ROCE

The reinvigorated capacity utilization in the primary production plants at the start of the year led to a rapid phasing out of short-time work schedules and discontinuation of the associated government subsidies. The resulting higher base remuneration was supplemented by collectively agreed adjustments and regular additional expenses for overtime; however, the measures from the restructuring and transformation program had a greater impact. Among other things, the average number of employees decreased by 775 as a result of departures under the partial retirement scheme and several partial transfers between operations in the current financial year and the second half of the previous year. Personnel expenses decreased correspondingly by 10.5 % to € 280 million (2020: € 313 million) and the personnel intensity fell from 21.8 % in 2020 to 14.3 % in the current year.

Amortization of intangible assets and depreciation of tangible fixed assets decreased by € 7 million as a result of the scheduled depreciation pattern. Other operating expenses declined by a further € 8 million year-on-year; higher freight costs as a result of the increase in sales volumes were offset by appreciably lower exchange rate losses.

FINANCIAL AND ASSET POSITION

HIGH CAPITAL COMMITMENT RESULTING FROM BUSINESS PERFORMANCE

Cash outflows from changes in working capital (-€ 191 million) – principally due to a buildup and higher value of inventories – exceeded income for the accounting period adjusted for non-cash write-ups and write-downs (€ 148 million). As a result, operating cash flow was -€ 47 million in the reporting year.

Furthermore, payments amounting to € 7 million for investments in property, plant and equipment in 2021 and of a total of € 57 million to affiliated companies – primarily in the form of loans and loss compensation payments – with proceeds from asset disposals and interest and dividends received at the same time totaling € 33 million resulted in cash flow from investment activities of -€ 26 million and free cash flow of -€ 73 million, respectively.

Capital expenditures and replacement purchases continued to be dominated in the 2021 reporting year by the coronavirus situation. Projects that were halted in 2020 due to the coronavirus pandemic were resumed and continued. Measures to protect the environment and reduce carbon emissions were likewise continued. In the area of ROGESA, for example, the circular cooler dedusting system with heat recovery was constructed at sinter plant 3 (investment € 28 million). Here, the project was completed with the final inspection and approval in September 2021. Two torpedo heating stations (investment € 0.75 million) were installed, and commissioning was completed in the area of stockhouse 3 (Möllerung 3). At blast furnace 5, performance tests were run on the coke gas injection system (investment € 14 million) in February 2021. The same was done at blast furnace 4 in March 2021. The final inspection and approval of the coke gas injection system is planned for the beginning of 2022. In the area of ZKS, the high-pressure coke gas scrubber (investment € 15 million) was commissioned in August 2021. To improve emissions, the extraction hood on coke transfer machine 1 (investment € 0.9 million) was renewed and put into operation in October 2021. In addition, two DC and two AC charging stations were installed and commissioned in the area of the old lumber yard in 2021.

Proceeds from a loan from the majority shareholder DHS in the amount of € 95 million exceeded the scheduled payments for financing measures including interest payments, resulting in a cash surplus from financing activities in 2021 of € 49 million. There were no borrowings in the reporting year.

As a consequence, cash and cash equivalents decreased by € 24 million compared with Dec. 31, 2020 and amounted to € 76 million at Dec. 31, 2021.

Long-term assets decreased in 2021 by a total of € 43 million to € 1,904 million. This resulted primarily from the fact that scheduled depreciation and amortization far exceeded capital expenditure and additions to fixed assets.

At the same time, current assets grew by a total of € 274 million to € 906 million. With a decline in cash and cash equivalents of € 24 million, inventories and trade accounts receivable from third parties in particular increased by € 280 million. In addition to higher procurement prices, the high production output in the fourth quarter in particular contributed to a buildup of inventories. In addition, the change of the valuation of raw materials and supplies as well as finished goods and work in process from the LIFO method to the average cost method resulted in a reversal of write-downs of € 2 million and € 44 million, respectively. The method change was part of the alignment with the accounting policies in the DHS consolidated financial statements.

Accordingly, the balance sheet total increased by € 229 million year-on-year to € 2,810 million, while the equity ratio decreased in the reporting year from 50.5 % to 49.6 %, despite allocations to earnings reserves of € 90 million. After allocations to earnings reserves, equity at December 31, 2021 amounted to €1,394 million.

Total borrowed capital increased by € 139 million. Accruals and provisions were € 13 million below the previous year's amount, while liabilities increased by € 152 million. Scheduled repayments of liabilities to financial institutions in the amount of € 38 million were offset primarily by higher liabilities to affiliated companies in the amount of € 111 million and to companies in which the company has a participating interest in the amount of € 56 million.

Key figures in %	2017	2018	2019	2020	**2021**
Liquidation ratio for fixed assets	81.4	78.4	73.4	66.9	**73.2**
Internal financing capability	54.3	100.0	170.4	- 7.7	**NA**
Equity intensity	56.9	57.1	53.6	50.5	**49.6**
Return on capital employed (ROCE)	- 0.2	-0.3	- 5.2	- 7.5	**7.3**
Debt ratio	13.2	11.6	13.6	16.3	**12.5**
EBIT margin	- 0.2	-0.4	- 6.4	- 11.5	**6.5**
EBITDA margin	4.9	4.7	- 1.4	- 4.8	**10.0**
Material intensity	75.0	74.6	72.9	73.3	**72.3**
Personnel intensity	17.9	18.3	19.4	21.8	**14.3**

NOTES:

Liquidation ratio for fixed assets: Equity in relation to fixed assets

Internal financing capability Operating cash flow in relation to the Net investment in tangible assets

Equity intensity: Equity in relation to the balance sheet total

ROCE: EBIT in relation to capital employed (average long-term capital employed)

Debt ratio: Liabilities to banks in relation to shareholders' equity

EBITDA and EBIT margin: EBITDA or EBIT in relation to total operating revenue. In addition to sales revenues, the changes in inventories of finished goods and work in process are also taken into account in determining total operating revenue for heavy plate products.

Material and personnel intensity: Cost of materials and personnel expenses in relation to total operating revenue

Changes in important non-financial performance factors

SUSTAINABILITY

Sustainable and responsible operation is firmly embedded in the SHS Group with its two companies Dillinger and Saarstahl and is a traditional key element of corporate policy. In their comprehensive approach to sustainability, the companies acknowledge their responsibility for current and future generations of employees as well as stakeholders and aim to manufacture steel products in the most modern and sustainable way. The SHS Group is committed to the goals of the Paris Climate Agreement and wants to help achieve carbon-neutral steel production. In their transformation process toward production of green steel, the focus is on the responsibility to people and the environment – today and in the future. Based on what has been achieved so far and with a view to a livable future for all, the companies are continuously identifying further potential for improvement and redefining ambitious targets.

The companies of the SHS Group document their achievements in the areas of economy, ecology and society with a joint sustainability report. The report is based on the GRI standards of the Global Reporting Initiative (GRI). An update of the relevant key metrics is implemented through annual fact sheets.

Steel fulfills the principle of sustainability better than virtually any other material. Steel is the most commonly used base material. Its use contributes significantly to environmental and climate protection and is fundamental to climate reversal. "Sustainable production of renewable energy from wind, water and the sun is not possible without steel. The companies of the SHS Group recognized these megatrends early on and produce precisely the steels that are in demand for the climate reversal and mobility revolution.

At the end of their useful lifetimes, products made from steel can be completely recycled as often as desired and then reintroduced into the economic cycle with virtually no waste or loss of quality. In addition, the production of steel in Germany meets high standards in a global comparison in terms of environmental and climate protection.

Sustainability is also an important part of the ongoing transformation process. The companies of the SHS Group want to produce steel using a carbon-neutral process by 2045 at the latest.

Dillinger and Saarstahl are ready and technologically capable of shaping the green transformation. In their transformation program, the companies have defined specific steps for the total conversion of their production to low-carbon steel and thus for the transformation to carbon-neutral steel production. This changeover is to take place in three key steps. Sufficient green electricity or green hydrogen as well as a suitable infrastructure must be made available for these processes.

This conversion will take place in various phases, so that the SHS Group companies aim to achieve a potential carbon reduction of ~55 - 60 % relative to the reference year 2020 by as early as 2030 and to achieve carbon-neutrality by 2045.

In the first phase that began in mid-2020, Dillinger and Saarstahl are already significantly reducing their emissions by optimizing the existing blast furnace process. This is achieved by injecting coke oven gas and other gases with high hydrogen content. The H2SYNgas project, which is also designated as an IPCEI project, is important in this phase.[2]

Plans for the next phases include construction and operation of additional electric arc furnaces (EAF), the first of which is scheduled to come on stream as early as 2027. Expansion of EAF capacity will be accompanied by a corresponding shutdown of blast furnace capacity. Producing our high-quality steel products using this climate-friendly EAF route requires significant quantities of direct reduced iron (DRI) in addition to higher volumes of scrap. We are currently conducting multiple feasibility studies – including with potential partners – to establish a production base that ensures the future supply of these important DRI volumes.[3]

The SHS Group companies, together with other leading companies, also constitute the European economic interest grouping (EEIG) "Greater Hydrogen Region," which aims to link cross-sector projects that produce, use and transport hydrogen in order to establish a sustainable and integrated cross-border energy system.[4]

One constant focus of the investment activities of Dillinger and Saarstahl is on proactive measures for environmental and climate protection. The new dedusting system for the circular cooler with an integrated heat recovery system at ROGESA's sinter plant 3 was commissioned at the beginning of 2021 and is contributing significantly to improving environmental protection at the Dillingen site. The heat recovery generates an additional energy benefit of 82,000 MWh,

[2] Sources: Press releases from 8 March 2021 (Cross-border hydrogen project on the Saar seeks IPCEI funding) and 29 April 2021 (Green steel initiative: cutting carbon with H2SYNgas).
[3] Sources: Press releases from 22 February 2021 (LIBERTY, Paul Wurth and SHS – Stahl-Holding-Saar partner to develop a large hydrogen-based direct reduction plant in France) and 16 February 2021 (Rio Tinto, Paul Wurth and SHS – Stahl-Holding-Saar cooperate on feasibility study for low-carbon iron in Canada).
[4] Source: Press release from 25 October 2021 (For a hydrogen economy in the Greater Region – companies from France, Germany and Luxembourg form European economic interest grouping).

which equals a reduction of approx. 25,000 tons of carbon emissions per year. The circular cooler dedusting system itself also significantly reduces dust emissions at the circular cooler. With this € 28 million investment, Saarstahl and Dillinger are making an important contribution to improving environmental protection.[5]

Dillinger received a gold medal in the reporting year from EcoVadis, an international provider of sustainability ratings. This places Dillinger in the top three percent of companies in its industry category. The CSR rating by EcoVadis confirms that responsible action and sustainable management are central components of Dillinger's corporate policy.
The EcoVadis rating is based on a defined scorecard. This includes criteria of the Global Reporting Initiative, the United Nations Global Compact, and the International Organization for Standardization for the areas of environment, labor and human rights, ethics, and sustainable procurement. The definition of specific evaluation criteria enables worldwide comparison of the companies certified by EcoVadis. The EcoVadis assessment covers the following areas:

- A human resources policy based on continuity and high social standards.
- Internal improvement processes that bring the principles of sustainability and safe conduct to each workplace and each employee.
- Consolidation of competence and service for the continuous success of the customers in the economic realization of new products and systems.
- Continued development of technological competence through investing in new plants and modernizing existing ones as well as through developing innovative products and processes.
- Securing of know-how through knowledge transfer and strong training and professional development.
- Ongoing investment in research and development to enable efficient and resource-conserving manufacture of innovative products.
- Procurement with a focus on secure supply and environmentally compatible modes of transport.
- Economically efficient and resource-saving operation through numerous environmental protection measures for the efficient use of energy.
- Long-standing cooperation with universities, research institutes and customers for the development and improvement of materials.[6]

The companies of the SHS Group also participated in the 2021 sustainability ranking of the Carbon Disclosure Project (CDP) and achieved an overall grade of B in the "Metal smelting, refining & forming" sector. In addition, CDP has included SHS in the CDP Supplier Chain Leaderboard. Inclusion on the list demonstrates that companies are proactively working with their suppliers to show responsibility throughout the value chain. Once a year, the non-profit organization CDP documents and assesses the voluntarily provided data and information and, in particular, assesses the climate protection strategy. The CDP assessment is based on eleven different categories: business and financial planning, supply chain responsibility, governance and energy, the subject of energy, and emissions reduction initiatives.[7]

Support for the ten principles of the Global Compact in the areas of human rights and labor standards, environmental and climate protection, and anti-corruption is an integral part of the long-term sustainability concept of the SHS Group. Membership in the UN Global Compact since 2020 demonstrates that the companies are firmly integrating the principles of the Global Compact into their corporate strategy and culture as well as into their daily business practices, thereby applying and fostering the general goals of the United Nations – particularly the sustainable development goals – in all areas of the company.[8]

The subsidiaries ROGESA and ZKS also continue to consistently implement the sustainability strategy. As part of a supplier management system introduced in 2019, the companies have presented the TOP Supplier Awards annually in the "Fuels" and "Iron ores" categories.

5) Source: Press release from 17 March 2021 (More energy and fewer emissions – the environment benefits from new circular cooler dedusting system).
6) Sources: www.ecovadis.com, press release dated 13 January 2021 (Gold for Dillinger's sustainability strategy).
7) Source: News from 20 April 2022.
8) Source https://www.globalcompact.de/en/about-us/our-participants

EMPLOYEES

After the short-time work schedules from 2020 were discontinued, production was adjusted to the newly defined operating points. Together with the further intensified implementation of the cost-cutting program and due to the ongoing coronavirus pandemic, high demands have been placed on employees.

Previously implemented measures for the coronavirus pandemic such as hygiene, social distancing and mobile working measures were further advanced and expanded. In addition, numerous places for vaccination and testing were set up so that the “3G rule” (for persons who are recovered from COVID, fully vaccinated or tested) and a high vaccination rate could be implemented without problems at the company sites.

As part of the cost-cutting program, many additional measures for the planned workforce reduction were defined and to a large extent have also already been implemented. This resulted in a headcount of 3,565 employees at the end of the reporting year (2020: 3,925). These employees worked at Dillinger itself as well as – in the context of plant management – at ZKS and ROGESA. A total of 2,080 people were employed at Dillinger subsidiaries and affiliated companies (2020: 2,258). Implementation of the program will continue in 2022.

SAFETY AND HEALTH

A safe and healthy work environment is given top priority at Dillinger. In line with the corporate principles, numerous programs and measures including the Group-wide introduction of the “Workplace Safety Hour,” implementation of Board of Management inspections, and an online event about the “Bradley Curve” contributed to further improving our systems in 2021. The coronavirus pandemic was once again a key component of work in 2021 in the area of safety and health. The corresponding working group discussed the constantly changing requirements and defined an implementation strategy for the Group.

Dillinger concluded 2021 with 19 lost-time injuries of one day or more (2020: 23) and a lost-time injury frequency rate (LTIFR) of 3.5 (2020: 3.8; number of lost-time injuries per 1 million hours worked).

COVID-19

At the start of 2020, COVID-19, an acute respiratory illness caused by a novel coronavirus (SARS-CoV-2) spread worldwide. The World Health Organization (WHO) declared a public health emergency of international concern (PHEIC) on 30 January 2020.

To contain the risk of infection among employees, Dillinger and Saarstahl jointly introduced precautionary measures at an early stage. The aim of the measures is to protect the health of all people at the sites as fully as possible, to safeguard orderly business operations, and to guarantee the safety of employees as well as the neighborhood surrounding the company, even under restricted conditions.

A Group-wide pandemic working group has been formed for this purpose, which initiated and coordinated the necessary measures in consultation with the crisis management team. The prevention plan can be divided into three areas: organizational measures, informative and communicative measures, and hygienic and medical measures. All measures are continuously adapted to the situation. The provisions also apply to all subsidiaries in Germany and abroad.

In 2021, a total of 19,352 rapid tests were carried out by specially trained personnel on SHS Group employees at the Burbach, Neunkirchen, Völklingen and Dillingen sites as part of the company testing program, as well as 3,023 rapid tests for cross-border workers within the workforce. At the in-house vaccination centers established at the Dillingen and Völklingen sites, 2,632 coronavirus vaccinations were performed between June and December 2021 (of which 1,237 in Dillingen and 1,395 in Völklingen).

FOSTERING YOUNG TALENT

Dillinger continues to invest in training and fostering young talent and provides training at a consistently high level in order to counter a possible shortage of skilled workers resulting from demographic change. In 2021, 64 young people started their careers in the company (2020: 64). As a result, the company trained a total of 246 young workers (2020: 256), when all training class years are included. For many years now, the company has also maintained partnerships with universities in order to help support young university graduates. Currently, a total of 19 students are completing cooperative studies at the company with the Saarland University of Applied Sciences (HTW) and the University of Saarland (UdS). 16 of the 19 students attend a technical program and 3 attend a commercial program.

PERCENTAGE OF WOMEN

Within the framework of the law passed on 24 April 2015 regarding equal participation by women and men in management positions in the private and public sector, corresponding quotas for the development of the percentage of women were set by the Supervisory Board for the Supervisory Board and the Board of Management, and by the Board of Management for the first and second management levels.

Overall, the percentage of women in the total workforce at Dillinger in 2021 averaged 8.1 %. When considering this percentage, industry-specific, historical and socio-cultural circumstances must be taken into account. Dillinger is taking measures at various levels to continuously increase the percentage of women: for example, by continuously increasing the percentage of female trainees, a wide range of part-time employment and the possibility of childcare in the company's own "Kleine Hüttenbären" daycare center. Women occupy leadership positions primarily in the administrative area. In the context of the assumption of operating tasks by the majority holding company SHS – Stahl-Holding-Saar, such as in the area of central staff functions, a considerable percentage of female employees and managers are represented in the holding company. Consequently, the percentage of female employees in the total workforce of SHS, at 29.20 %, is significantly higher than at Dillinger.

Within the framework of Section 111 (5) of the German Stock Corporation Act (AktG), the target quota of 30 % for the percentage of women on the Supervisory Board committees was set for all companies in the Saarland steel industry (SHS - Stahl-Holding-Saar, Dillinger and Saarstahl). The Supervisory Board of Dillinger will deal with the issue in the case of new appointments at the Board of Management level in accordance with Germany's law regarding equal participation of women and men in executive positions (FührposGleichberG).

Within the framework of Section 76 (4) of the German Stock Corporation Act (AktG), the Dillinger Board of Management has set a target quota of 5 % for the percentage of women in management functions. The analysis relates to senior executives and includes the first and second levels of the hierarchy as well as the functions equivalent to the two top levels of management in terms of their importance for the company.

RESEARCH AND DEVELOPMENT

The projects of Research and Development (R&D) contribute decisively to maintaining a leading position in the global competition among heavy plate manufacturers. Research activities along the value chain – from coke and hot metal production to steel and heavy plate production – again focused in 2021 primarily on expanding the product portfolio, process and product improvements as well as on optimizing quality and reducing costs.

One key issue is the work surrounding the transformation of the current steel production route towards carbon-neutral steel production. To enable significant reduction of carbon emissions to be achieved already on the blast furnace route, the H2Syngas project was developed and applied for as a funding project under the IPCEI Hydrogen program.

In the area of coke and hot metal production, the focus was on both optimizing the cost of input materials for the coke plant and sinter plant, and on improving processes through developing and applying models. To improve processes and reduce costs in steel production, the current metallurgical process models were further optimized.

Product-oriented R&D has consistently carried out microstructure-based materials development, work in data-based prediction models with neural networks, and data mining in various projects, also with the involvement of external institutes, and has developed these for practical use. Customer needs have been translated into product developments that can be used at industrial scale; the feasibility limits have been expanded and numerous developments to reduce manufacturing costs have been completed. The newly developed DIFENDER safety steels, for example, were successfully qualified according to TL 2350-0000.

INNOVATION MANAGEMENT

In addition to continuously developing new and improved products and technologies, Dillinger is also always looking for new, innovative solutions that enable the company to proactively meet customer expectations. Innovation management is therefore focused on customer-centric innovation: The goal is to better understand not only the current but also the future needs of our customers and to offer the appropriate solutions.

In targeting the further development of its core business, Dillinger is guided by specific, strategic fields of innovation that were redefined in 2021. In addition to global megatrends such as digitalization, future industry-specific challenges such as decarbonization and the circular economy (recycling) have also been taken into account. Based on these innovation fields, new technology, product and service solutions are developed through targeted idea development processes.

In addition, concepts for systematic trend work were developed. Through various work formats, external stimuli are selectively fed into the existing processes and business models in order to identify further potential for improving the core business and to initiate future developments.

RAW MATERIAL PROCUREMENT AND TRANSPORT

Iron ore prices took a virtual roller coaster ride in 2021, peaking at record price levels in the middle of the year. After that point, production cuts imposed on crude steel by the Chinese government had a growing impact and prices practically halved by the end of the year. Both crude steel production and iron ore import volumes increased only slightly in 2021. A plateau has therefore been reached for the time being in these important key metrics.

With respect to coal, the Chinese government maintained its ban on imports of Australian coal; at the same time, domestic coal mines fell well short of production targets. As Mongolia was also unable to supply the expected import volumes due to COVID-19, China was faced with a veritable energy crisis, especially in the second half of 2021, and the steel industry was hardly capable of meeting the demand for reducing agents while production was rising. The global supply side was unable to keep pace with demand following massive capacity reductions in the previous year. Coupled with equipment supply problems, a lack of personnel and logistical bottlenecks, coals for steel production were quoted at a historic record price level, mainly in the second half of 2021, after a still-moderate first half.

Due to a very high demand for shipping space combined with port congestion, various regional quarantine measures and significantly increased fuel prices, the ocean freight market was subject to intense momentum last year, resulting in freight reaching levels last seen more than 10 years ago. To counteract this momentum, the mix of freight rates agreed for the medium to longer term, while at the same time taking advantage of opportunities on the spot market, has proven to be a dependably successful method for ROGESA and ZKS.

The “sustainability in procurement” topic will continue to be implemented. In order to comply with the Supply Chain Due Diligence Act (LkSG), a risk assessment of all suppliers was carried out at ROGESA and ZKS.

The impacts of the coronavirus pandemic were clearly experienced during the last year at a wide range of seaports around the world as well as by our service providers, customers and suppliers.
Due to extensive infrastructure measures in rail freight transport, our raw material transports in inbound logistics have lost resilience and have had to be stabilized through substitution measures. Inland waterway transport has shown itself to be a reliable mode of transport at this juncture, both in terms of inbound and outbound logistics.
Customer deliveries were largely carried out without any interruptions. The transport volume at Dillinger and Saarstahl increased sharply compared with the previous year and totaled 13.5 million tons in 2021. Of this, around 9.4 million tons were accounted for by the supply of raw materials and fuels, and 4.1 million tons by shipments of semi-finished products, finished products and by-products.

ENVIRONMENTAL PROTECTION

In keeping with its corporate vision and its environmental guidelines, Dillinger consistently strives for sustainable and ecologically sound resource management and production throughout the company. Extensive investment in state-of-the-art technologies helps reduce environmental impacts and continuously improves energy efficiency, not least because innovative product solutions made from steel contribute in important ways to environmental protection (see the section on “Sustainability”).

INVESTMENTS AND EMISSION CONTROL

In 2021, the new dedusting system of the circular cooler of sinter plant 3, including heat extraction, was successfully transitioned to test operation. EUR 28 million was spent for this. This measure helps further improve air quality at the site and additional noise protection measures and also leads to a significant reduction in noise at the smelter site. In addition to the effects described above, the system also serves to provide heat extraction and recovery of additional energy from the waste heat of the circular cooler of sinter plant 3. The heating water that results from this is used to preheat the condensate circuit in the blast furnace gas power plant (GKW) and to preheat the feed water in a plant. The heat recovery generates an additional energy benefit of 82,000 MWh, which corresponds to a carbon reduction of approx. 25,000 t per year.

ENVIRONMENTAL MANAGEMENT AND IED INSPECTIONS

In April 2021, the environmental management system successfully completed the monitoring audit conducted by TÜV Saar Cert in accordance with DIN EN ISO 14001:2015. There were no deviations. As part of the IED environmental inspections (European Industrial Emissions Directive), an extended official inspection of heavy plate rolling mill 2, blast furnace blast fans D1 and D2, and the blast furnace gas power plant took place in 2021.

MINERALS

The quality assurance system of the plant production control for slag products again successfully passed external audits by the "Institut Français des Sciences et Technologies, des Transports, de l'Aménagement et des Réseaux" and the "Güteschutz Beton" monitoring company in the 2021 financial year. All sales markets for mineral by-products were stable despite the coronavirus pandemic.

DETERMINATION OF PRODUCT CARBON FOOTPRINTS (PCF)

As part of the sustainability strategy, the product carbon footprint for the two main groups crude steel and plate was determined for the first time as sustainability indicators in accordance with the DIN ISO 14067/IPCC AR5 GWP100 standard and in the future will be communicated annually to customers.

REACH, SELF-GENERATED HAZARDOUS SUBSTANCES

The processing tasks in the area of self-generated substances/mixtures involved the classification of substances/mixtures and the subsequent preparation of the associated safety data sheets/safety information sheets (SDSs/SIBs) with the corresponding characterization documentation in coordination with the plants and departments. Ongoing cooperation with EUROFER also continued.

CARBON EMISSIONS TRADING

As part of the ongoing process of annual emissions reporting to the German Emissions Trading Authority (DEHSt), the monitoring plans for plants subject to emissions trading for the fourth trading period in particular (2021-2030) were updated in 2021. In addition, the allocation data reports (ZDB) for the years 2019 and 2020 were prepared and submitted to the DEHSt for verification for all plants subject to emissions trading. Based on the data from the allocation data reports, the dynamically adjusted allocation of free allowances is accomplished in this trading period. The likewise annual applications for aid for indirect carbon costs (electricity price compensation) for SAG and SSF were approved at the end of 2021. The effects of the national fuel emissions trading system, starting in 2021, were also examined and action plans were drafted with the departments involved.

MOST SIGNIFICANT SHAREHOLDINGS

ZENTRALKOKEREI SAAR GMBH, DILLINGEN

Aktien-Gesellschaft der Dillinger Hüttenwerke and Saarstahl AG each hold an indirect 50 % interest in Zentralkokerei Saar GmbH. ZKS produces coke intended exclusively for use in ROGESA's blast furnaces. Total coke production in 2020, at 1,314 kt, was considerably higher than the previous year's production (1,154 kt). ZKS is a company without employees. Personnel required for operation of the coking plant are provided by Dillinger. Investments at ZKS in 2021 amounted to € 6 million (2020: € 6 million).

ROGESA ROHEISENGESELLSCHAFT SAAR MBH, DILLINGEN

ROGESA Roheisengesellschaft Saar mbH, in which Dillinger holds a 50 % interest (indirect and direct), produces hot metal exclusively for its shareholders, Aktien-Gesellschaft der Dillinger Hüttenwerke and Saarstahl AG. Operational management of ROGESA, as a company without employees, lies in the hands of Dillinger.

At 4,260 kt, hot metal production by blast furnaces 4 and 5 in 2021 was 33.4 % higher than the previous year's output (3,194 kt). During the year under review, 1,981 kt (previous year: 1,561 kt) was supplied to Dillinger and 2,279 kt (previous year: 1,633 kt) went to Saarstahl. Investments at ROGESA in 2021 amounted to € 7 million (2020: € 19 million).

Along with STEAG New Energies GmbH (49.9 %) and VSE AG (25.2 %), ROGESA holds a 24.9 % stake in Gichtgaskraftwerk Dillingen GmbH & Co. KG, which leases a 90 MW power plant at the Dillingen plant to the operators of GKW, Dillinger, ROGESA and ZKS, for the production of electricity.

DILLINGER FRANCE S.A., DUNKERQUE

Dillinger France S.A. is a wholly owned subsidiary of Dillinger that operates a heavy plate rolling mill in Dunkerque. The products are marketed almost exclusively through Dillinger. Dillinger France also procures the majority of its input material from Dillinger.

After a difficult 2020 financial year as a result of COVID-19 and the related drop in demand, total production recovered in 2021 with output of 544 kt (2020: 406 kt), tonnage for the normal steel product range increased significantly to 421 kt (2020: 245 kt), while production of linepipe plate decreased further to 123 kt (2020: 161 kt). In 2021, the company predominantly produced products such as plate for the offshore wind power market, HIC plate, and Dillimax and Dillidur plate.

The new edge milling machine was commissioned as scheduled in April 2021 and represents an investment of over € 12 million. The new plant will enable Dillinger France to produce special heavy plate for the offshore wind power market. To increase the production capacity for heavy plate for the construction of monopiles for offshore wind turbines, a new, additional crane with a lifting capacity of 42 t was installed. Renovation of pusher furnace 2 is well underway and will be completed in 2022. Modernization of the pusher furnace for an investment sum of € 10 million leads to increased efficiency and a reduction of carbon emissions by 2.7 %.

Sales for the 2021 financial year amounted to € 155 million (2020: € 270 million). The decline in sales was due to a further reduction in demand for linepipe plate and a change in the accounting method with Dillinger from 1 February 2021. Tonnage sold in 2021 was 501 kt, up from 393 kt in 2020.

EBITDA for the financial year was +€ 11.5 million (2020: -€ 9.7 million), EBIT was +€ 2.0 million, and net earnings were + € 2.0 million (2020: -€ 28.2 million). As at 31 Dec. 2021, the shareholders' equity of Dillinger France amounted to € 70.2 million (2020: € 67.8 million). The "Avenir 2022" strategy program launched in 2020 was continued and completed as scheduled. Dillinger France suffered, as did other companies, from rising raw material prices and a very sharp increase in energy costs for gas and electricity in the fourth quarter.

The number of employees remained stable and amounted to 510 persons as of 31 December 2021, compared to 520 persons in the previous year. Dillinger France recorded two workplace accidents in 2021. In 2021, the health measures initiated in 2019 to protect against the COVID pandemic were continuously adapted to the situation and continued.

STEELWIND NORDENHAM GMBH, NORDENHAM

Steelwind Nordenham GmbH is a wholly owned subsidiary of Aktien-Gesellschaft der Dillinger Hüttenwerke that operates a plant in Nordenham for the production of foundation elements for offshore wind farms (monopiles, mega monopiles and monopiles beyond XXL). Heavy plate steel in the required grades and dimensions is delivered by Dillinger and its subsidiary Dillinger France in Dunkerque.

Monopiles are cost-effective foundation systems whose supporting structure is assembled using heavy plates in thicknesses up to 150 mm. The structural elements have diameters of up to 15 meters, unit weights of up to 2,400 tons and lengths of up to 120 meters.

For Steelwind, the first half of the 2021 financial year was characterized by short-time work schedules. In the second half of the year, monopiles were manufactured for the Parkwind project Arcadis Ost 01.

The total operating revenue of Steelwind Nordenham amounted to € 78.0 million in 2021 (2020: € 90.9 million). EBITDA for the 2021 financial year decreased to -€ 5.8 million (2020: € 11.3 million), while EBIT amounted to -€ 15.2 million (2020: € 1.1 million). At the end of the financial year, the company employed 277 people.

EUROPIPE GMBH, MÜLHEIM AN DER RUHR

The EUROPIPE Group manufactures and sells welded large-diameter line pipe made of steel. The diameters of the large-diameter line pipe range from 24 inches (610 mm) to 60 inches (1,524 mm). As a corporate group, EUROPIPE GmbH and its affiliated companies are among the world's leading corporations in this market segment. Dillinger holds a 50 % share of EUROPIPE GmbH.

In Europe, the large-diameter line pipe is produced in Mülheim an der Ruhr on two production lines (18-meter and 12-meter lines). The pipe is coated by EUROPIPE subsidiary MÜLHEIM PIPECOATINGS GmbH, Mülheim an der Ruhr. Closure activities of the former second European production site at Dunkerque are largely completed. The company EUROPIPE France has been without personnel since the middle of the 2019 financial year. Liquidation of the company is in the preparation phase.

In the United States, the operating companies of the EUROPIPE Group are consolidated under the holding company, BERG EUROPIPE Holding Corp. BERG Pipe Panama City Corp. in Panama City, Florida, primarily supplies the North American market with longitudinally welded pipes, while BERG Pipe Mobile Corp. in Mobile, Alabama, supplies spiral pipes. Both plants have facilities to coat the pipe.

The EUROPIPE Group recorded sales in 2021 of € 316 million (2020: € 565 million). Most of the sales volume came from the business of EUROPIPE GmbH, which significantly increased its sales volume level compared with the previous year. Due to the weakened market situation in the United States, sales of the US group decreased significantly from the previous year. Shipments of EUROPIPE GmbH increased significantly year-on-year with a volume of 208 kt (2020: 102 kt). As a result of the bleak order situation, shipping tonnages of the US group in 2021 reached a significantly lower level of 74 kt compared with the previous year (2020: 321 kt), primarily due to the cancellation of a large order for the politically controversial Keystone XL oil pipeline.

Due to the booking of the "Scarborough Woodside" order at EUROPIPE GmbH in the 2021 financial year, the EUROPIPE Group's order backlog at the end of the year is higher than in the comparable prior-year period, despite the lack of bookings to date from major projects in the US group, and increased to 368 kt as of 31 December 2021 (2020: 239 kt). The EUROPIPE Group's net loss for the year, at € 50.2 million, fell significantly from the previous year's level (2020: -€ 28.8 million). At the end of 2021, the EUROPIPE Group employed a total workforce of 799 people (2020: 978). Of these, 418 employees worked for EUROPIPE GmbH (2020: 461).

The EUROPIPE Group invested € 5.3 million (2020: € 12.6 million) during the financial year for tangible and intangible assets. Expenditures at EUROPIPE GmbH for further development of its products and the continuous improvement of production and quality assurance methods amounted to € 0.7 million (2020: € 0.7 million).

Although the project situation in the key markets for EUROPIPE GmbH continues to be difficult, the outlook for EUROPIPE GmbH in 2022 has brightened considerably thanks to the booking of the large "Scarborough Woodside" order and the good prospects for booking two major projects in the second half of 2022. Overall, significantly higher production tonnages are scheduled for EUROPIPE GmbH in 2022 compared to the previous year. On this basis, markedly higher shipments are also forecast compared to the previous year, which, coupled with improved revenues, means that sales are expected to be considerably above the previous year's level.

The measures to sustainably and significantly reduce fixed costs and to make EUROPIPE GmbH's cost structure more diversified have largely been implemented and are proceeding according to plan.

The changed focus of the new US administration with regard to energy policy has led to a reluctance to invest and thus a poor project situation in the United States. The exorbitantly high steel prices further reinforce this. However, the project situation in the United States and Mexico is expected to pick up in the course of 2022.

SAARSTAHL AG, VÖLKLINGEN

The steel market for wire and bar products, which is relevant for Saarstahl AG, continues to be characterized by global protectionism and the associated customs duties as well as high overcapacities, so that there is still substantial pressure on volumes and prices. A continuation of the cost-cutting and transformation program already initiated in 2019 therefore remains imperative and was also further intensified in 2021. Catch-up effects from 2020 and an encouragingly high overall steel demand in key consumer markets led to a continuous, above-average order intake that stretched beyond the first half of the 2021 financial year.

Sales volumes rose sharply to 2,418 kt from 1,754 kt in the previous year, ranking just behind the record years of 2017 and 2018. The sales and price trend in 2021 led to significant growth in the sales and earnings figures. Crude steel production at Saarstahl amounted in 2021 to 2.638 million tons and thus rose from the previous year by 40.4 %. Shipments of steel products increased by 37.9 % to around 2.4 million tons. Sales revenue rose by 73.6 % from € 1,218 million in the previous year to € 2,114 million. Earnings before interest and taxes (EBIT) for Saarstahl amounted to € 141 million (2020: -€ 113 million) and earnings before interest, taxes, depreciation and amortization (EBITDA) was € 187 million (2020: -€ 64 million).

Investments in 2021 were lastingly impacted by the general pandemic situation and the associated challenges, particularly in the area of project management. Nevertheless, the planned projects were successfully completed. The investment volume for Saarstahl itself amounted to € 22 million (2021: € 42 million). The new continuous casting line S1 was successfully commissioned in 2021. With the S1, Saarstahl is further extending its technological competitive edge. The new plant, with an investment volume of almost € 100 million, is the first plant worldwide with mechanical soft reduction in the casting format 180 mm x 180 mm. The new hot metal crane (investment € 14 million) was also successfully commissioned.

As part of the cost-cutting program, many additional measures for the planned workforce reduction were defined and to a large extent have also already been implemented. This resulted in a headcount of 3,738 employees at the end of the reporting year (2020: 3,827). A total of 1,504 people were employed at Saarstahl subsidiaries and affiliated companies (2020: 1,546). Implementation of the program will continue in 2022.

Risk and opportunity report

RISK REPORT

Dillinger has implemented a Groupwide risk management system, which was supplemented in the reporting year by a risk-bearing capacity analysis. The methods and tools are continuously developed and are based on recognized standards.

ORGANIZATION OF RISK MANAGEMENT

The risk management system at Dillinger consists in part of the risk coordinators and officers in the departments and subsidiaries. In addition, the central risk management department of SHS handles the coordinating, supporting and consolidating tasks for Dillinger.

METHODS AND STRUCTURE OF RISK MANAGEMENT

The risk management system of Dillinger includes all measures that ensure and focus on a systematic handling of risk: risk transparency, risk controllability and risk communication.

- Risk transparency: The aim of corporate risk management is to identify and highlight the main risks associated with business activities at the earliest possible stage. A systematic and consistent method of analysis and evaluation is used for this purpose.
- Risk manageability: We define this as avoiding, minimizing or transferring identified risks through new or existing risk control instruments. Transfer of risk is handled through the corporate service provider SHS Versicherungskontor GmbH, which is responsible for arranging adequate insurance coverage.
- Risk communication: The Board of Management is informed about the current risk situation at regular intervals and with regard to specific events. Moreover, key risk management issues are discussed with the Supervisory Board.

A network of risk coordinators has been established worldwide to carry out the operational risk management process. Ad-hoc risk reporting has been implemented to supplement the semi-annual risk inventory. This makes it possible to generate a current overview of the risk situation at all times.

As part of the integrated governance, risk and compliance concept, the risk coordinators collect additional information for early identification of compliance risks (preventive risk analysis). Deriving measures is part of the compliance program.

Corporate Auditing, as part of the comprehensive corporate management concept for establishing an internal management and monitoring system, is a component of risk management as defined by the German Corporate Sector Supervision and Transparency Act (KonTraG). In this capacity, it is also responsible for the systematic and effective internal auditing of the risk management system.

ORGANIZATION OF OPPORTUNITY MANAGEMENT

Opportunity management at Dillinger involves the systematic handling of opportunities and potentials. It is directly embedded into the work of the Board of Management of Dillinger. The transformation program launched in 2020 is making an important contribution. The key opportunities for Dillinger are discussed in more detail in the following sections.

STRATEGIC OPPORTUNITIES

Steel is indispensable for the sustainable production of renewable energies and for the development of new and climate-neutral mobility solutions. Dillinger is already producing the steels today that are needed for the energy transition and climate reversal. Examples of steel applications include offshore wind power as well as onshore wind power, hydraulic steel structures, and steels for exacting infrastructure projects.

The Saarland steel industry is committed to the goals of the Paris Climate Agreement and is focused on working toward the transformation to green steel. Dillinger therefore supports the German government's Steel Action Plan. One of the key points of the concept is to enable the switch to low-carbon, in the long term, carbon-neutral steel production, and to take advantage of the opportunity to become a pioneer of innovative climate protection technologies.

The conversion to carbon-neutral steel production is a central issue in the company's own transformation program. Dillinger developed various scenarios early on for switching to carbon-reduced or carbon-neutral steel production.

As a first measure, for example, coke gas injection with the first-ever use of hydrogen as a reducing agent has already been implemented at an industrial scale. For more extensive use of hydrogen in the blast furnace, the H2SYNgas project was launched, for which government funding under IPCEI has been applied for in 2021. Additional steps including the installation of electric arc furnaces and direct reduction plants are currently being studied and evaluated for feasibility. This includes exploring opportunities to establish a local, cross-border hydrogen infrastructure together with various partners from the energy/hydrogen production and infrastructure sectors.

The joint transformation process for Dillinger and Saarstahl also serves to consistently develop new growth potential and to position our company with our products in promising new business segments. This includes, in particular, expansion of the offshore wind business segment, where Dillinger has already been active for 10 years with its subsidiary Steelwind Nordenham GmbH in the production of monopiles, in addition to the actual plate production.

OPERATIONAL OPPORTUNITIES

The company continues to press ahead with the strategy process initiated in the previous year. Dillinger sees business opportunities in the growth strategy derived from this and in the cost-cutting program. The first measures relating to increasing productivity, eliminating duplicate structures, consolidating sales activities and closing and relocating divisions have already been initiated.

The offshore wind industry can provide a significant contribution to achieving Germany's ambitious national carbon reduction targets. DILLINGER is contributing its part by expanding its capabilities with heavy plate and with Steelwind Nordenham. DILLINGER heavy plate is in high demand thanks to its performance package, and the dimensional capabilities of Steelwind Nordenham's monopiles are at the top of the industry. Steelwind Nordenham is therefore supplying the next generation of monopile foundations: the “beyond XXL” monopiles, with a diameter of up to 15 meters, a total length of up to 120 meters, and a weight of up to 2,400 tons. These one-piece monopile foundations will be the largest monopiles to date for German wind farms. Integrating parts of the transition piece into the monopiles, despite the already very large dimensions, offers purchasers new opportunities for cost reductions.

Digitalization is likewise a core component of the corporate strategy. In order to continue developing from a digital perspective and thus become faster, more efficient and more competitive, development of an overall concept for digitalization for the Saarland steel industry has been initiated. To achieve this goal, the digitization roadmap was already adopted in 2020, which maps all areas of the company in detail.

All of this is aimed at securing the future viability of the Saarland steel industry.

EXTERNAL, MARKET AND SECTOR RISKS

The economy recovered faster than expected from the pandemic-related recession in 2021. Strong growth began in the spring with increasing vaccination campaigns and the lifting of various restrictions. The growth momentum experienced headwinds due to bottlenecks and disruptions in the global supply chains. In addition, energy prices are in some cases rising rapidly. Global trade conflicts, particularly between the United States and China, continued in 2021. The EU is extending the safeguard measures for another 3 years in summer. Demand on the steel market has been vigorous since the beginning of the year, and diversions to particularly attractive product market segments have resulted in a shortage of steel in the heavy plate segment. This reduction in supply is leading to rising prices, while at the same time import volumes have remained stable at the previous year’s level. These factors are having a positive impact on Dillinger's business.

The offshore wind industry is becoming a mainstay of the energy transition. The situation in Germany, in Europe and in the world is defined by positive signals with respect to developing growing capacity, so that the previous expansion targets may even be exceeded. The monopile foundation, which is advantageous for us, continues to dominate the market, especially in Europe. Sales risks from increasing competition, particularly in heavy plate, are currently very low, also in view of the growing market. Dillinger is therefore continuously developing its very good market position with measures such as the new edge milling machine already in operation at Dillinger France in Dunkerque. Added to this are new investments in the pusher furnace in Dillingen in order to offer even higher plate unit weights in large quantities on the market. Demand for these sheets is seen as continuing to grow.

After an extremely weak phase, the line pipe market has recovered in terms of both volume and revenues. Increased demand for pipe became apparent through a greater number of projects, with oil prices stabilized at higher levels than in recent years and due to catch-up effects. A smaller range of linepipe plate has resulted from the concentration of many integrated steel mills on more profitable product segments such as strip material, and also on higher-value customer segments in the heavy plate sector. Future demand for line pipe will primarily be in Australia, Southeast Asia, the Middle East, and Central and South America. In contrast, only small projects are expected in Europipe's European home market. In the future, the line pipe segment will perform more of a breathing function for Dillinger and will place available volumes for optimum yield.

In general, Dillinger will focus even more intensively on attractive growth segments in the future when developing its customer and product mix. According to the projections, the two factors coronavirus and supply bottlenecks will continue to slow economic recovery in 2022. In addition, the steel industry continues to face big challenges: The automotive industry, a major worldwide user of steel, is undergoing a restructuring process, the weights in the global steel market are shifting further in the direction of China, and the switch to "green" steel production is requiring major investments.

In view of a moderately positive forecast for overall economic conditions, the risks identified for Dillinger are to be assessed as medium.

REGULATORY RISKS

The path pursued by policymakers and business toward a climate-neutral economy was reaffirmed and the climate targets were once again raised. This is associated with high long-term risks for the steel industry. Long-term planning security is required to achieve the climate targets, and in particular to initiate the necessary investments. The basis for this is reliable forecasts based on appropriate political decisions. The German government's Steel Action Plan represents a first step.

The risks are being countered operationally through the climate-compatible restructuring of steel production, including the use of hydrogen and the development of innovative technologies. Dillinger is pursuing a forward-looking strategy of carbon-neutral steel manufacturing. The first measures have already been implemented toward initially reduced-emission and later emission-free production. However, there are additional, enormous investments associated with the climate targets that apply for us. These cannot be managed by the steel companies concerned on their own. Due to its high importance, the issue is being handled by a separate carbon strategy team at the SHS level. Given the high importance of the topic, a separate Board of Management executive portfolio for "Transformation" has also been formed to consolidate and deal in a structured way with the wide-ranging issues involved in the sustainable transformation of climate-neutral steel production.

The market stability reserve introduced in conjunction with the emissions trading directive for the fourth trading period and the tightening of carbon-reduction targets have led to a reduction in the quantities of allowances and caused the price of emissions allowances to rise enormously. For Dillinger, this entails a significant additional financial burden due to the certificates that must be acquired. The amendment to the Renewable Energy Sources Act (EEG) and the Climate Protection Act presented by the German government provides for a faster increase in greenhouse gas-neutral electricity and a more rapid reduction in greenhouse gas emissions. Germany is to have only greenhouse gas-neutral electricity by 2045 at the latest. The financial impact on the energy-intensive steel industry cannot be quantified at this stage. No changes are expected to the current regulations for self-generated electricity. In the coalition talks, the transfer of the costs for the EEG surcharge to the federal budget was agreed and is to be implemented from 2023. If this occurs as planned, the situation here would improve.

We classify the risks from regulatory developments for Dillinger as moderate.

RISKS FROM OPERATING ACTIVITIES

Dillinger's production facilities may be subject to operational interruptions, property damage and/or quality risks. These may be due to the complexity of the manufactured products, to the complexity of the manufacturing processes and technical operating facilities, to human error, or to force majeure. Risks are countered through continuous investment in state-of-the-art equipment and through systematic methods and innovative diagnostic systems for preventive and condition-based maintenance. In addition, the quality assurance system, which is certified in accordance with international standards, is being consistently improved.

PROCUREMENT RISKS

The raw materials for the bulk goods required for hot metal production are procured worldwide. The many geopolitical crises and the current coronavirus pandemic may therefore have a negative impact on the procurement situation. To minimize risk, an ongoing diversification process with respect to sources and properties has been implemented in the procurement of raw materials. Long-term supply contracts are also concluded to secure supplies. In order to minimize price risks caused by volatile markets, contractual hedging of quantities and prices is used with the respective supplier/trader (natural hedge) or with derivatives, depending on the market situation. In addition, alternative possibilities for making the use of raw materials more flexible are constantly being tested and evaluated.

Due to problems with external logistics providers, especially Deutsche Bahn, there were bottlenecks in the inflow in the second half of 2021. Solutions were developed together with the logisticians. The inflow situation has stabilized. Replacement measures have been initiated and are taking effect.

Overall, security of the supply of raw materials, energy and logistical capacities in the required quantities and quality can be considered ensured over the medium term.

IT AND CYBER RISKS

Information processing contributes in important ways to Dillinger's competitiveness. The availability of correct data and information flows is of central importance. Specific information technology areas are consolidated centrally. Risks exist in the interruptions in key production and management systems within the value chain. The risk of unavailability or to integrity can in particular arise due to system access by unauthorized third parties. In addition, the confidentiality of our data and information may be compromised through such things as spying by competitors and industrial espionage or sabotage. There are also general threats from cybercrime and fraud. Dillinger counters these risks by continuously monitoring and updating the software used and the information technology protection systems by Group IT.

The existing information security management system and the responsible area are constantly being developed further. Along with various internal and external concepts to achieve IT security, modern technologies and adapted IT operating processes are used to identify and defend against threats, including new ones, at an early stage. Emergency plans and exercises are part of the IT security concept. Close cooperation between departments and data protection officers ensures that personal data is always processed in accordance with the regulations of German Data Protection Law.

HUMAN RESOURCE RISKS

For Dillinger as a manufacturer of products with high technological standards and quality, qualified specialists and executives and their strong commitment to the success of the company are of primary importance. In view of this, Dillinger places great importance on being an attractive employer. There is a general risk of losing skilled employees, and with them, expertise. The company counters this risk by providing training in various vocational fields. To come into contact with suitable people, Dillinger engages in a wide range of recruiting efforts. The company also promotes collaboration across multiple generations of employees to ensure systematic knowledge transfer to those who will succeed retiring experts and managers. These efforts are supported by specially trained coaches who help to systematically record the knowledge critical to success and transfer it by means of a transfer plan to the successors of employees leaving the company. The current situation in the steel industry reduces the company's attractiveness as an employer. Similarly, a massive reduction in jobs leads to know-how risks, which are countered as described above.

ENVIRONMENTAL RISKS

The production processes in hot metal and steel production as well as the heavy fabrication division involve innate process-related environmental risks including contamination of air and water. Dillinger therefore does everything it can to exclude damage caused by the product or its production through intensive quality and environmental management. For instance, the company operates an integrated management system that combines quality management, workplace safety and environmental protection with incident management. In addition, the company also invests continuously in measures that increase the effectiveness of its protection of the environment and fulfill environmental requirements.

However, there are still risks due to the tightening of environmental constraints and regulations with requirements that may not be economically feasible with current technology.

We assess the risks from cyber threats as moderate (previous year: low) due to increased momentum in this area, and the other risks from operating activities as low.

FINANCIAL RISKS

Safeguarding the financial independence of the company by coordinating financial requirements is of central importance for Dillinger. To do so, the financial risks are actively controlled and limited. This is supported by integrating the Finance department under the umbrella of SHS. Use of an IT-supported treasury system simplifies control and enables processes to be mapped more efficiently. Price, volume and currency risks on the procurement side result from concluded delivery obligations for the future. To effectively contain these risks, we use financial instruments such as forward contracts and/or derivatives as over-the-counter (OTC) or exchange-traded instruments. The company concludes financial instruments only with counterparts that have an excellent credit rating. Receivables in the area of deliveries and services are continuously monitored. Transactions are generally secured by means of credit insurance. The resulting risk of default can therefore be considered low.

Ongoing financial and liquidity plans and a far-reaching cash management concept ensure the company's liquidity at all times. A steel producer's financing of capital-intensive investments in fixed assets is always made at matching maturities, taking into account the expected capital returns and the necessary backing with equity capital. In addition, all major subsidiaries are incorporated in the short- and medium-term financial plan according to uniform standards. During regularly occurring analysis, both the current status and planning are incorporated into the risk management system. This ensures the necessary financial flexibility for Dillinger.

Independent of this, market risks can influence fluctuations of current market values or future cash flows from financial instruments. Dillinger actively counters these risks through the use of foreign exchange, interest rate and issue hedging transactions. These instruments considerably limit or completely eliminate market price risks.

In general, hedging instruments are not employed separately from the underlying performance-related hedged item. They are regularly monitored, and analysis is generated for control purposes. The results are incorporated into the risk management system. Any residual risk is considered low. The financial reporting of the listed hedging instruments listed is presented in detail under notes to the balance sheet in the notes to the financial statement.

Overall, the financial risks are considered to be low.

LEGAL RISKS AND COMPLIANCE RISKS

One major case was concluded in 2019. It is likely that this will be followed by further civil proceedings. For very specific issues that reach beyond German and French jurisdictions, Dillinger also procures the expertise of external legal practitioners. This is also true for issues that carry a high risk of uncertainty.

The compliance program of the SHS Group and thus of Dillinger was continued by the Compliance Committee in the past financial year. The focus in 2021 was on money laundering prevention and continued to be on the important areas of antitrust and competition law as well as corruption. Informational events and publications specifically about compliance are used preventively to encourage conduct that is compliant and that exhibits integrity. Use of an eLearning tool makes it possible to access the training content worldwide and in various languages. A stand-alone, structured process by which tips are reported and acted upon was already implemented in 2020.
A Group data protection officer (eDSB) has been appointed for the practical implementation of the General Data Protection Regulation, which came into force in May 2018. In addition, local data protection officers are appointed where necessary, particularly abroad.
The risks are classified as moderate.

OVERALL ASSESSMENT OF THE RISK SITUATION

The impact on financial and economic markets associated with the spread of the coronavirus continued to affect Dillinger's operations in 2021. However, negative consequences such as declines in demand and sales, employee absences and production risks on the asset, financial and earnings position have decreased significantly. As a result, the economic situation for Dillinger improved significantly in 2021.

The acts of war in Ukraine are impacting the international economy and supply chains. The consequences are difficult to calculate at the moment.

It is therefore not possible to provide a reliable and quantifiable forecast of the risks. Nevertheless, the risks are assessed as best as possible. On the raw materials side, volumes from Russia are being discontinued. Various immediate and long-term measures to substitute Russian iron carriers and fuels have already been initiated and are intended to secure supplies.

For Germany, complete substitution of Russian gas is not possible in the short term. However, various measures and scenarios have already been developed internally to mitigate the effects of a drastic reduction in availability for Dillinger.

If the supply of natural gas were to cease completely, sustained production cuts would be unavoidable. These would inhibit the current positive growth expectations.

Overall, there are no discernible risks that could endanger the company's continued existence.

Forecast report

GENERAL ECONOMIC CONDITIONS

GLOBAL GROWTH NOT BALANCED

Despite the pandemic and the resulting risks, the global economy should continue to grow steadily in 2022 and on the whole reach pre-crisis levels. According to the OECD, we can expect global GDP growth of + 4.5 %. The speed and extent of the recovery is likely to vary from region to region. The euro zone (+ 4.3%) as well as Germany (+ 4.1%) could overtake the United States (+ 3.7%), and China (+ 5.1%) could grow more slowly than in 2021. In developed countries, government investment, large-scale government programs, higher immunization rates, and private consumption helped and continue to help the economies emerge from the depths of the first coronavirus shock. Once the global supply chain problems have been resolved, exports should also make a greater contribution to growth again. But pre-crisis levels will not be reached in low-income countries, where vaccination rates are low. Rising coronavirus infections will require economic restrictions that dampen recovery, and the latitude for government support is often limited.
Although each new virus variant also increases the risk of a setback for global growth, it should be noted that in the past, the economic damage with each new wave of the virus has been less than feared.

Environmental policy issues – such as the global discussion of carbon pricing – will continue to gain importance in 2022. This topic is now of paramount importance, especially for steel manufacturers. Establishing a general "green" energy infrastructure will incur high costs, but ultimately will have positive effects on economic development.[9]

FURTHER RECOVERY OF THE STEEL MARKET

worldsteel forecasts that global steel demand will grow by + 2.2% to 1,896.4 million tons in 2022. A reduction in supply chain bottlenecks, continued pent-up demand, and rising business and consumer confidence will intensify the momentum of the recovery in 2022.
No growth in steel demand is expected in China (+/- 0%), as the real estate sector remains under pressure. Some restocking activities could support apparent steel use.

Steel demand in the United States is expected to increase by + 5.7%. While growth in the automotive and durable goods sectors is slower due to a shortage of components and in the construction sector with the end of the boom in residential construction, the recovery in oil prices is facilitating a recovery in investment in the energy sector.

In the EU, recovery in steel demand is gaining momentum (+5.5%), with all steel-processing sectors set to report a positive recovery. Steel demand in Germany (+ 13.3%) will benefit from a high order backlog in the manufacturing sector, while the construction sector should continue to grow after already exhibiting relatively high growth during the pandemic.[10]

PROSPECTS FOR THE HEAVY PLATE MARKET REMAIN POSITIVE

Demand for heavy plate developed very positively overall in 2021, and this upward trend will continue in all customer segments at least in the first half of 2022 – although growth will likely be considerably more moderate. Thanks to public investment in infrastructure, demand from the construction sector will continue to grow, and expansion of renewable energies, including additional offshore wind power, will also increase demand. For the automotive sector, the current supply chain issues are expected to be resolved from the second half of 2022. Nevertheless, it will take some time to return to the pre-pandemic level of activity. Ongoing trade conflicts and pandemic-related general economic uncertainty are hampering investment decisions, so we forecast below-average growth for the export-oriented mechanical engineering sector compared with other sectors.

The price trend for heavy plate appears to have peaked in 2021; in view of the generally positive growth expectations for 2022 and the associated cost increases, a significant price decline is not expected from today's perspective.

[9] Source for global growth: OECD
[10] Source: worldsteel, OECD

DEVELOPMENT OF DILLINGER

In view of the general economic uncertainties resulting from the coronavirus pandemic and the Russia-Ukraine war, as well as the continuing challenges on the steel market, Dillinger faces a 2022 financial year with some challenges. By adapting and making the operating point more flexible, in conjunction with a cost-cutting program and targeted investment and sales measures in promising business areas, effective instruments have been created for managing and quickly adapting to changes in the market.

The order backlog was at a very high level at the end of the year, with an average production range well into the second quarter of 2022. Order intake at the beginning of 2022 even slightly exceeded the monthly average of the successful past financial year. Based on the order backlog and the high level of incoming orders at the beginning of the year, plant capacity utilization has already been very good since the start of the year. Overall, Dillinger expects sales volumes to be slightly higher than the previous year's level and capacity utilization at the steel mill and the rolling mills in Dillingen and Dunkerque to remain good. The subsidiary Steelwind Nordenham will achieve markedly higher capacity utilization in 2022, which will extend into the future due to a longer-term framework agreement.

The trading and flame-cutting companies will also benefit from the current good economic demand for steel in 2022.

From today's perspective, it is expected that order intake and thus production and sales volumes overall will match the high levels of the previous year, and that sales revenue will increase considerably as a result of significantly higher average selling prices. Dillinger continues to face the challenge of volatile, sometimes dramatic price increases on the procurement side. In addition, the measures identified as part of the strategy process will be rigorously continued.

In light of this, the company expects further significant improvements in margins and earnings in 2022 compared to the previous year, i.e., a high positive operating result (EBIT) and EBITDA as well as a clearly positive overall result.

Dillinger is fully committed to the Paris climate targets and continues to work towards the goal of carbon-neutral steel production. The company is prepared and technologically capable of providing the solutions for this. Until the political framework is in place for decarbonization under competitive conditions, the company is pursuing an intensified reduction strategy together with Saarstahl. Further projects aimed at reducing or avoiding carbon emissions are being expedited and various feasibility studies are underway.

Dillingen, on 31/03/2022

The Board of Management

Dr. KARL-ULRICH KÖHLER **JOERG DISTELDORF** **MARKUS LAUER**

Dr. GÜNTER LUXENBURGER **JONATHAN WEBER**

ANNUAL FINANCIAL STATEMENT

Balance sheet

Assets					
in € thousand			Notes	**31/12/2021**	31/12/2020
A.	**Fixed assets**		(1)		
	I.	**Intangible assets**		**1,457**	1,875
	II.	**Tangible assets**		**615,754**	672,570
	III.	**Financial assets**		**1,286,926**	1,273,060
				1,904,137	1,947,505
B.	**Current assets**		(2)		
	I.	**Inventories**			
		1. Raw materials and supplies		**58,769**	51,376
		2. Work in process		**170,195**	71,083
		3. Finished products		**217,017**	68,131
				445,981	190,590
	II.	**Receivables and other assets**			
		1. Trade accounts receivable		**67,452**	43,159
		2. Receivables from affiliated companies		**240,766**	227,814
		3. Receivables from companies in which the company has a participating interest		**36,796**	29,771
		4. Other assets		**38,565**	40,490
				383,579	341,234
	III.	**Cash and bank balances**		**75,963**	100,153
				905,523	631,977
C.	**Positive difference from asset allocation**		(3)	**438**	1,614
				2,810,098	2,581,096

Liabilities					
in € thousand			Notes	**31/12/2021**	31/12/2020
A.	**Shareholders' equity**		(4)		
	I.	**Subscribed capital**		**178,500**	178,500
	II.	**Capital reserve**		**378,574**	378,574
	III.	**Earnings reserves**		**836,898**	746,898
				1,393,972	1,303,972
B.	**Reserves**		(5)		
	1. Accruals for pensions and similar obligations			**483,799**	480,197
	2. Reserves for taxes			**424**	424
	3. Other accruals and provisions			**172,711**	189,444
				656,934	670,065
C.	**Liabilities**		(6)		
	1. Liabilities to banks			**174,087**	212,158
	2. Customer advance payments			**2,358**	2,679
	3. Trade accounts payable			**40,561**	36,231
	4. Liabilities toward affiliated companies			**372,264**	260,965
	5. Payables to companies in which the company has a participating interest			**118,207**	62,399
	6. Other liabilities			**51,715**	32,627
				759,192	607,059
				2,810,098	2,581,096

Profit and loss statement

in € thousand		Anhang	GJ 2021	GJ 2020
1.	Sales revenues	(7)	**1,714,427**	1,429,556
2.	Changes in inventories and	(8)	**248,176**	9,160
3.	Sonstige betriebliche Erträge other own work, capitalized	(9)	**18,740**	20,764
			1,981,343	1,459,480
4.	Material costs	(10)	**1,418,152**	1,054,018
5.	Personnel costs	(11)	**280,042**	313,086
6.	Amortization and depreciation of intangible and tangible fixed assets		**61,557**	69,279
7.	Sonstige betriebliche Aufwendungen	(12)	**128,783**	136,427
			1,888,534	1,572,810
8.	Income from participations	(13)	**20,073**	- 4,732
9.	Net interest income	(14)	**- 19,111**	- 45,181
10.	Taxes on income and earnings		**187**	187
11.	Result after tax		**93,584**	- 163,430
12.	Other taxes		**1,188**	1,342
13.	Compensatory payment to minority shareholders		**1,004**	1,004
14.	Profit transferred based on a profit and loss transfer agreement	(15)	**1,392**	0
15.	Net income/loss for the year		**90,000**	- 165,776
16.	Transfer to/from earnings reserves		**90,000**	- 165,776
17.	Balance sheet profit		**0**	0

LIST OF SHAREHOLDINGS

	Currency	Share of capital in %			Shareholders' equity	Results 2021	
		Direct	Indirect	Total			
1. Affiliated companies							
Companies in Germany:							
Saarlux Stahl GmbH & Co. KG, Stuttgart	€ thousand	53.0		53.0	10,446	- 124	
Dillinger Hütte Vertrieb GmbH, Stuttgart	€ thousand	100.0		100.0	4,210		1)
Ancofer Stahlhandel GmbH, Mülheim/Ruhr	€ thousand	100.0		100.0	26,031		1)
Jebens GmbH, Korntal-Münchingen	€ thousand	100.0		100.0	19,808		1)
Cargo-Rail GmbH .i.L., Dillingen	€ thousand	100.0		100.0	37	- 5	2)
MSG Mineralstoffgesellschaft Saar mbH, Dillingen	€ thousand	100.0		100.0	19,968		1)
Steelwind Nordenham GmbH, Nordenham	€ thousand	100.0		100.0	89,062		1)
Steelwind Nordenham Projekt GmbH, Dillingen	€ thousand	100.0		100.0	2,616	2	
Foreign companies:							
Dillinger France S.A., Grande-Synthe	€ thousand	100.0		100.0	70,196	2,047	
Eurodécoupe S.A.S., Grande-Synthe	€ thousand		100.0	100.0	3,015	1,951	
AncoferWaldram Steelplates B.V., Oosterhout	€ thousand	100.0		100.0	57,694	17,209	
Ancofed S.A.R.L., Grande-Synthe	€ thousand		100.0	100.0	40	7	
Trans-Saar B.V., Rotterdam	€ thousand	100.0		100.0	1,599	579	
Dillinger Nederland B.V., Dordrecht	€ thousand	100.0		100.0	335	123	
Dillinger International S.A., Paris	€ thousand	100.0		100.0	1,402	82	
Dillinger Middle East FZE, Dubai	AED thousand	100.0		100.0	106,013	24,853	
Dillinger India Steel Service Center Private Ltd., Mumbai	INR thousand		100.0	100.0	150,145	8,593	
Dillinger America Inc., New York	US$ thousand	100.0		100.0	268	16	
Dillinger Nordic AB, Alingsås	SEK thousand	100.0		100.0	1,458	205	3)
Dillinger Italia S.R.L., Mailand	€ thousand	100.0		100.0	137	24	3)
Dillinger Espana S.L.U., Madrid	€ thousand	100.0		100.0	113	14	3)
Dillinger Hutte U.K. Ltd., London	GBP thousand	100.0		100.0	129	25	3)

1) A profit and loss transfer agreement exists.
2) Company is in liquidation.
3) Previous year's figure

LIST OF SHAREHOLDINGS

	Currency	Share of capital in % Direct	Indirect	Total	Shareholders' equity	Results 2021	
2. Participating interests							
Companies in Germany:							
Dillinger Hütte und Saarstahl Vermögensverwaltungs- und Beteiligungs-OHG, Dillingen	€ thousand	50.0		50.0	267,104	1,620	
Zentralkokerei Saar GmbH, Dillingen	€ thousand		50.0	50.0	137,212		1)
ROGESA Roheisengesellschaft Saar mbH, Dillingen	€ thousand	24.5	25.5	50.0	301,636		1)
ROGESA Beteiligungsgesellschaft mbH, Dillingen	€ thousand		50.0	50.0	2,955	- 4	
Cokes de Carling S.A.S., Carling	€ thousand		50.0	50.0	- 26,384	- 114	2)
Saar Industrietechnik, Dillingen	€ thousand		50.0	50.0	66		1)
Saar Rail GmbH, Völklingen	€ thousand		50.0	50.0	5,200		1)
Saar Stahlbau GmbH, Völklingen	€ thousand		50.0	50.0	950		1)
Dillinger Saarstahl America LLC., Wilmington	US$ thousand	50.0		50.0	21	- 4	
EUROPIPE GmbH, Mülheim/Ruhr	€ thousand	50.0		50.0	31,674	- 30,454	
EUROPIPE France S.A., Grande-Synthe	€ thousand		50.0	50.0	- 116	0	
BERG EUROPIPE Holding Corp., New York	US$ thousand		50.0	50.0	204,600	744	4)
MÜLHEIM PIPECOATINGS GmbH, Mülheim/Ruhr	€ thousand		50.0	50.0	19,102	- 83	
Saarstahl AG, Völklingen	€ thousand	25.1		25.1	2,122,382	197,122	4)

1) A profit and loss transfer agreement exists.
2) Company is in liquidation.
4) Consolidated profit

CASH FLOW STATEMENT

in € thousand		FY 2021	FY 2020
1.	Profit/(Loss) for the period	**92,396**	- 164,772
2.	Write-downs/(Write-ups) on fixed assets	**55,191**	70,715
3.	Increase/(Decrease) in provisions	**- 56,707**	- 69,805
4.	Decrease/(Increase) in inventories, trade accounts receivables and other assets not allocated to investment or finance activities	**- 209,528**	84,326
5.	Decrease in trade accounts payable as well as other liabilities not allocated to investment or finance activities	**74,575**	34,378
6.	Profit from the disposal of fixed assets	**- 1,136**	- 369
7.	Interest expenses incl. interest expenses and (interest income) not allocated to investment or finance activities	**18,382**	43,449
8.	Other income from shareholdings	**- 20,073**	572
9.	Income tax	**187**	187
10.	Income tax payments	**- 620**	- 6
11.	**Operating cash flow**	**- 47,333**	- 1,325
12.	Payments for investments in intangible assets	**- 44**	- 955
13.	Proceeds from disposals of tangible fixed assets	**3,670**	537
14.	PayQents for investments in tangible fixed assets	**- 6,812**	- 12,800
15.	Proceeds from disposals of financial assets	**526**	188
16.	Payments for investments in financial assets	**- 8,027**	- 2,762
17.	Payments/Proceeds due to financial investments as part of short-term financial resource management	**- 41,187**	60,015
18.	Interest received	**31,622**	8,690
19.	Received dividends and profit and loss transfers	**2,797**	7,443
20.	Payments due to compensation obligations	**- 8,766**	- 38,375
21.	**Cash flow from investment activities**	**- 26,221**	21,981
22.	**Free cash flow**	**- 73,554**	20,656
23.	Proceeds from loans	**0**	50,000
24.	Payments from the amortization of bonds and loans	**- 38,071**	- 37,446
25.	Interest paid	**- 6,561**	- 6,933
26.	Payments/Proceeds due to financial investments as part of short-term financial resource management	**95,000**	0
27.	Dividends paid to shareholders	**- 1,004**	- 1,004
28.	**Cash flow from financing activities**	**49,364**	4,617
29.	**Net change in cash and cash equivalents**	**- 24,190**	25,273
30.	**Cash and cash equivalents at the start of the period**	**100,153**	74,880
31.	**Cash and cash equivalents at the end of the period**	**75,963**	100,153

OFFSETTING AND RECONCILIATION OF CASH AND CASH EQUIVALENTS

in € thousand	**31.12.2021**	31.12.2020	31.12.2019
Cash and bank balances	**75,963**	100,153	74,880
Other securities	**0**	0	0
Cash and cash equivalents	**75,963**	100,153	74,880
Change in cash and cash equivalents	**- 24,190**	25,273	

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